

104TH CONGRESS
1ST SESSION

H. R. 699

To amend the Mineral Leasing Act to provide for a royalty payment for heavy crude oil produced from the public lands which is based on the degree of API gravity, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 26, 1995

Mr. DOOLEY introduced the following bill; which was referred to the
Committee on Resources

A BILL

To amend the Mineral Leasing Act to provide for a royalty payment for heavy crude oil produced from the public lands which is based on the degree of API gravity, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Royalty Relief Act of
5 1995”.

1 **SEC 2. SLIDING SCALE OF ROYALTY PAYMENTS FOR HEAVY**
 2 **CRUDE OIL.**

3 (a) IN GENERAL.—Section 17 of the Mineral Leasing
 4 Act (30 U.S.C. 226) is amended by adding at the end the
 5 following:

6 “(p) ROYALTY RATES FOR HEAVY CRUDE OIL.—(1)
 7 Except as provided in paragraph (2) and notwithstanding
 8 any other provision of this Act and section 5 of the Act
 9 of May 21, 1930 (ch. 307, 46 Stat. 374) (relating to mini-
 10 mum royalty under lease of oil and gas deposits in or
 11 under railroads and other rights-of-way), the royalty rate
 12 for heavy crude oil, determined as a percentage of an
 13 amount or value of the production removed or sold from
 14 a lease, shall be in accordance with the following table:

Degree of API gravity	Royalty rate
25° or greater	12.5%
Less than 25° but 21° or greater	10 %
Less than 21° but 17° or greater	7 %
Less than 17° but 13° or greater	4 %
Less than 13° but 9° or greater	1 %

15 “(2) In the case that the average price of heavy crude
 16 oil on the major spot markets, as determined by the Sec-
 17 retary, is \$28 per barrel or greater for any 90-day period,
 18 paragraph (1) does not apply, and the royalty rate of
 19 heavy crude oil shall be determined under this Act without
 20 regard to paragraph (1), for the period—

21 “(A) which begins at the end of such 90 days,
 22 and

1 “(B) which terminates at the end of the first
2 succeeding 30-day period for which the Secretary de-
3 termines that the average price of heavy crude oil on
4 such spot markets is less than \$28 per barrel.

5 “(3)(A) Not later than 90 days after the date of the
6 enactment of this subsection, an operator of a well produc-
7 ing heavy crude oil may make an irrevocable election to
8 be subject to the royalty rates specified in paragraph (1)
9 in lieu of receiving a royalty reduction under section
10 3103.4–1 of title 43, Code of Federal Regulations. Such
11 election shall be made in the manner prescribed by the
12 Secretary.

13 “(B) Not later than 45 days after the date of the
14 enactment of this Act, the Secretary shall provide notice
15 of the provisions of this subsection to each operator re-
16 ferred to in subparagraph (A).

17 “(4) For the purposes of this subsection—

18 “(A) the term ‘heavy crude oil’ means crude oil
19 with an API gravity greater than 9° but less than
20 25°; and

21 “(B) the term ‘API gravity’ has the meaning
22 given such term by the American Petroleum Insti-
23 tute, as published in 1983 by the Petroleum Exten-
24 sion Service of the University of Texas at Austin in

1 the third edition of the document entitled ‘A Dic-
2 tionary of Petroleum Terms’.”.

3 (b) EFFECTIVE DATE AND TRANSITION PROVI-
4 SIONS.—The amendment made by subsection (a) applies
5 with respect to heavy crude oil removed from the ground
6 after the date of the enactment of this Act.

